

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01 USIA-15

DRC-01 /169 W

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R 091632Z MAY 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1565

C O N F I D E N T I A L MEXICO 3820

E.O. 11652 GDS

TAGS: ENRG, MX

SUBJECT: PRESIDENT ECHEVERRIA FACING ENERGY DECISION

REF: MEXICO 3689

1. AS MEXICO MOVES TOWARD SELF-SUFFICIENCY IN CRUDE OIL PRODUCTION, PRESIDENT ECHEVERRIA WILL BE FACING AN IMPORTANT DECISION WITH RESPECT TO QUESTION OF EXTENT, IF ANY, OF OIL EXPORTS. DISCUSSION WITHIN RANKS OF SENIOR GOM OFFICIALS REVOLVES AROUND WHETHER MEXICO SHOULD CONTINUE TO MAXIMIZE PRODUCTION AND EXPORT SURPLUS CRUDE AT PREVAILING HIGH WORLD OIL PRICES, OR LIMIT PRODUCTION TO PROVIDE ONLY FOR DOMESTIC NEEDS. AS REPORTED REFTEL, SECRETARY OF GOVERNMENT MARIO MOYA PALENCIA FAVORS LATTER COURSE.

2. HOWEVER, EMBASSY HAS NOW LEARNED THAT PRESIDENT ECHEVERRIA IS GIVING STRONG CONSIDERATION TO FIRST COURSE OF ACTION, AND HAS POINTED OUT IN PRIVATE THAT MEXICO COULD RECEIVE CONSIDERABLE FOREIGN EXCHANGE ADVANTAGE FROM SUCH A COURSE. THESE NEW RECEIPTS COULD BE USED TO PROVIDE FOR PERMANENT, LONG-RANGE ENERGY SOURCES (E.G. NUCLEAR POWER), AND FOR CAPITAL GOODS NEEDED FOR  
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SUSTAINED ECONOMIC DEVELOPMENT AT DESIRABLE LEVELS. PRESIDENT

ECHEVERRIA, WHO PRDICTED THAT MEXICO WILL REACH SELF-SUFFICIENCY IN CRUDE PRODUCTION THIS SUMMER, BELIEVES THAT MEXICO WILL BE CAPABLE IF IT SO DESIRES OF INITIATING AT LEAST SMALL-SCALE EXPORTS BY YEAR'S END.

3. COMMENT: WE ARE NOT QUITE AS OPTIMISTIC AS PRESIDENT WITH REGARD TO TIME FRAME FOR ACHIEVING SELF-SUFFICIENCY, BUT THIS IMPORTANT GOAL COULD WELL BE REACHED WITHIN SIX MONTHS TO A YEAR. IN ANY CASE, WHEN THE TIME DOES COME, THE PRESIDENTIAL DECISION WILL BE A DIFFICULT ONE, BASED AS IT IS ON A BALANCING OF IMMEDIATE BENEFIT VERSUS LONG-RANGE CONSERVATION OF ONE OF MEXICO'S MOST IMPORTANT NON-RENEWABLE RESOURCES.  
JOVA

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Draft Date:** 09 MAY 1974  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**To:** STATE  
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